

Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 SSO-00 NEAE-00 OMB-01 IO-14 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04

RSC-01 PRS-01 SP-03 SS-20 USIA-15 AGR-20 CEA-02

COME-00 EB-11 FRB-02 INT-08 LAB-06 AID-20 CIEP-02

STR-08 TAR-02 TRSE-00 FEA-02 SWF-02 EUR-25 XMB-07

DRC-01 ACDA-19 AF-10 NIC-01 /250 W

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FM AMEMBASSY CAIRO

TO USDEL ALEXANDRIA IMMEDIATE

INFO SECSTATE WASHDC 6463

USINT DAMASCUS

AMEMBASSY TEL AVIV

C O N F I D E N T I A L CAIRO 2758

E.O. 11652: GDS

TAGS: PFOR PINT EG

SUBJ: SADAT'S MAY DAY ADDRESS

FOLLOWING ARE SIGNIFICANT POINTS MADE BY SADAT DURING ONE-HOUR
SPEECH AT HELWAN TODAY, MAY 1:

1. UNITED STATES. SADAT SAID AND EMPHASIZED THAT US POSITION
HAS CHANGED SINCE PRE-WAR YEARS. HE RECALLED TIMES EGYPT HAD
ATTEMPTED TO BE REASONABLE IN ITS SETTLEMENT PLANS: NASSER HAD
ACCEPTED SC RES 242 AND ROGERS INITIATIVE; AND SADAT SAID THAT
AFTER NASSER'S DEATH HE HAD ATTEMPTED TO MAINTAIN BALANCE. US
HOWEVER, HAD PLACED ITSELF AGAINST ATTEMPTS TO FIND A
SETTLEMENT: US SC RESOLUTION 242, THE FOUR-POWER TALKS, JARRING;
US/EVEN "WITHDREW" THE ROGERS INITIATIVE. ONLY OCTOBER WAR,
WHICH WAS ACHIEVED THROUGH COORDINATION OF EGYPT AND SYRIA,
USE OF OIL WEAPON, AND ARAB SOLIDARITY, MADE US CHANGE ITS
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STAND. THIS, SAID SADAT, WAS A VICTORY FOR EGYPT. SADAT

WARNED AGAINST PERSONS WHO, EITHER BY THEIR MISUNDERSTANDING OR THROUGH MALICE, CONTINUED TO SPREAD DOUBTS ABOUT EGYPT'S RELATIONS WITH US; THOSE WHO DO NOT SEE THE CHANGE ARE LIKE OSTRICHES WITH THEIR HEAD BURIED IN THE SAND. HE ADDED THAT THERE SHOULD BE NO FEAR OF EGYPT IN ITS STRENGTH FALLING UNDER US SPHERE OF INFLUENCE IN 1974, WHEN IN ITS WEAKNESS IT DID NOT DO SO DURING DAYS OF BAGHDAD PACT.

2. USSR. SADAT RECALLED LAST YEAR'S MAY DAY SPEECH IN WHICH HE SAID HE HAD TOLD SOVIETS HE DID NOT DEAL TOWARD THEM WITH TWO-FACED POLICIES, AND THAT HE HAD NOT TAKEN DECISION TO ASK SOVIET ADVISORS TO LEAVE IN 1972 AS PART OF AGREEMENT WITH US. EGYPT'S PRINCIPLES HAD NOT CHANGED. SADAT DID NOT DEAL WITH CURRENT EGYPTIAN/SOVIET RELATIONSHIP DIRECTLY, BUT OBLIQUELY CRITICIZED THEIR OWN CRITICISM OF EGYPTIAN RAPPROCHEMENT WITH US: "POLITICAL ADOLESCENTS", HE SAID, MAY FIND IT WELL FOR KISSINGER TO GO TO MOSCOW AND PEKING, BUT NOT TO CAIRO, DAMASCUS OR ALGIERS; "POLITICAL ADOLESCENTS", MAY FIND A CHASE-MANHATTAN OFFICE IN MOSCOW ACCEPTABLE, BUT NOT IN CAIRO. THERE SHOULD, SAID SADAT, BE A CORRECT JUDGEMENT.

3. OCTOBER WAR AND BATTLE OF CONSTRUCTION. SADAT RECALLED THAT BEFORE WAR, ISRAEL CONTROLLED EGYPTIAN SKIES AND BY ITS MILITARY POWER DOMINATED ME. WAR HAS CHANGED THIS, AND EGYPT NOW TALKS FROM A POSITION OF STRENGTH. SADAT STATED THAT THE BATTLE HAD NOT ENDED, EVEN THOUGH EGYPTIANS ARE NOW SPEAKING ABOUT LIBERALIZATION AND CONSTRUCTION: THIS IS BASIC FACT OF PRESENT SITUATION. LATER IN SPEECH, SADAT TURNED TO EGYPT'S BATTLE OF CONSTRUCTION AND DEVELOPMENT. HE SAID THAT GOE WOULD CONTINUE TO SUPPORT BOTH PRIVATE AND PUBLIC SECTORS OF ECONOMY BY USE OF TECHNOLOGY AND BY ENCOURAGEMENT OF FOREIGN INVESTMENT. PRIMARY GOAL WAS TO RAISE PRODUCTION; BUT SADAT ALSO ASKED THAT EGYPTIANS ORDER THEIR PRIORITIES AND MODERATE THEIR PERSONAL CONSUMPTION. HE STATED THAT IT HAD BEEN DECIDED TO DO FOLLOWING FOR EGYPTIAN CITIZENS: A) RAISE MINIMUM WAGE; B) INCREASE PERMITTED LEVEL OF PERSONAL TAX EXEMPTIONS; C) RAISE THE MINIMUM PENSION RATE; D) DISTRIBUTE 50 PERCENT OF ESTIMATED COMPANY PROFITS TO WORKERS IMMEDIATELY, RATHER THAN WAIT FOR ACCOUNTING; AND E) DOUBLE AMOUNT SPENT BY GOE ON WORKERS SERVICES.

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4. ATTACK ON MILITARY TECHNICAL ACADEMY. SADAT SAID THAT ATTACK HAD BEEN A "CHILDISH ATTEMPT" WHICH HAD REVEALED DEVIATION IN EXPLAINING RELIGION. HE SAID THAT INSTIGATORS OF ATTACK SHOULD BE "PUSHED BACK INTO THEIR HOLES", AND ABJURED EGYPTIANS TO BE GUIDED BY SCIENCE AND FAITH IN THEIR BEHAVIOR.

5. COMMENT: SADAT MAINTAINED CAREFUL BALANCE IN HIS SPEECH:

BETWEEN US(WHICH HE DID NOT OVERLY PRAISE, BUT WHICH HE SAID HAD
"CHANGED") AND SOVIET UNION (WHOSE PRESENT RELATIONSHIP WITH
EGYPT WAS NOT SUBJECTED TO RELATIVELY SHARP CRITICISM GIVEN
BY SADAT SOME WEEKS AGO); BETWEEN THE BATTLE, WHICH HAD NOT
ENDED, AND CURRENT EFFORTS TO LIBERALIZE THE ECONOMY AND
RECONSTRUCT, WHICH WOULD CONTINUE; AND IN FACT THAT, AFTER
ALMOST TWO WEEKS OF REVELATIONS ABOUT QADHAAFIST INVOLVEMENT
IN APRIL 17 ACADEMY AFFAIR, LIBYA IS NOT FOCUS OF FURTHER
CRITICAL ATTENTION. AT LESAT ONE ASPECT OF SPEECH SEEMED
DEFENSIVE, WHEN SADAT WAS ATTEMPTING TO DEFLECT CONCERN AND"DOUBTS"
ABOUT RECENT VISIBLE CLOSING OF RELATIONS BETWEEN
EGYPT AND US.
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